

								Prep By:	
								Date:	
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Form 1120S									
200612									
<u>263A Computation</u>									
<b>Step 1:</b>									
<u>Determine off-site storage portion of dual function storage facility:</u>									
1. Identify Non On-Site Sales:									
Total Sales:								\$	-
<u>On-site Sales:</u>									
New Cars and Trucks						\$	-		
Used Cars and Trucks						\$	-		
								\$	-
<u>Non On-Site Sales:</u>									
Wholesale:									
Cars						\$	-		
Trucks						\$	-		
								\$	-
Leasing						\$	-		
InterNet						\$	-		
Dealer - Trade						\$	-		
Fleet						\$	-		
								\$	-
<u>Service Dept:</u>									
Production						\$	-		
Handling						\$	-		
								\$	-
<u>Parts Dept:</u>									
Wholesale						\$	-		
InterNet-Catalouge						\$	-		
Service Dept						\$	-		
								\$	-
								\$	-
2. Calculate Off-Site Storage Percentage for Dual-Function Facility:									
<u>Non On-Site Sales</u>								\$	-
Total Sales								\$	-
Off-Site Storage Percentage for Dual-Function Storage Facility								#DIV/0!	

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<b>Step 2:</b>											
Determine off-site portion of dual-function storage facility costs:											
<u>1: Identify dual-function storage facility lots/locations:</u>											
Square footage of lot(s) in front of show room(s)										0	% #DIV/0!
Square footage of lot(s) behind of show room(s)										0	#DIV/0!
Square footage of lots adjacent or contiguous to the show room(s) of car displays										0	#DIV/0!
Total Square Footage										0	
<u>2: Identify total costs of dual storage facility/location:</u>											
<u>Direct/Indirect labor costs</u>										\$	-
Pension										\$	-
Other Fringe Benefits										\$	- \$ -
<u>Occupancy expenses</u>											
Rent										\$	-
Depreciation										\$	-
Insurance										\$	-
Security										\$	-
Taxes										\$	-
Utilities										\$	-
Maintenance										\$	-
Materials(direct & indirect) and supplies											
<u>Vehicles and Equipment</u>											
Rent										\$	-
Maintenance										\$	-
Depreciation										\$	-
Insurance										\$	-
Tools										\$	-
Telephone										\$	-
Travel										\$	-
General & admin costs that directly benefit or are incurred by reason of the t/p's resale or production activities											see msc
Any other cost incurred for the benefit of or in the performance of the t/p's resale or production activities										\$	-
Total Applicable Costs										\$	-
<u>3. Calculate capitalizable storage portion of dual-function storage facility cost:</u>											
Total Applicable Costs, above										0	
Off-Site Storage Percentage for Dual-Function Storage Facility - Step 1										#DIV/0!	from step 1
Capitalizable Storage Costs of Dual-Function Storage Facility										#DIV/0!	to step 9

					Off-Site Storage				
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<b>Step 3:</b>										
<u>Determine off-site storage facilities:</u>										
<u>1. Identify off-site storage facilities locations:</u>										
<u>2. Identify costs of off-site storage facility/location:</u>										
Direct/Indirect labor costs								\$	-	
Pension								\$	-	
Other Fringe Benefits								\$	-	
Occupancy expenses										
Rent								\$	-	
Depreciation								\$	-	
Insurance								\$	-	
Security								\$	-	
Taxes								\$	-	
Utilities								\$	-	
Maintenance								\$	-	
Materials(direct & indirect) and supplies										
Vehicles and Equipment										
Rent								\$	-	
Maintenance								\$	-	
Depreciation								\$	-	
Insurance								\$	-	
Tools								\$	-	
Telephone								\$	-	
Travel								\$	-	
General & admin costs that directly benefit or are incurred by reason of the t/p's resale or production activities										see msc
Any other cost incurred for the benefit of or in the performance of the t/p's resale or production activities								\$	-	
Total Applicable Costs								\$	-	
								to step 9		
<b>Note:</b>										
Please be aware that the above items may not be all inclusive.										

[illegible]

[illegible]

[illegible]

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<b>Step 5:</b>											
<u>Identify Handling costs - Customer Owned Vehicles:</u>											
<u>1. Processing Costs and Assembling Costs- Service department and Body Shop Installation</u>											
<u>a. Service Department Costs</u>											
Direct/Indirect labor costs										\$ -	
Pension										\$ -	
Other Fringe Benefits										\$ -	\$ -
Occupancy expenses											
Rent										\$ -	
Depreciation										\$ -	
Insurance										\$ -	
Security										\$ -	
Taxes										\$ -	
Utilities										\$ -	
Maintenance										\$ -	
Materials(direct & indirect) and supplies											
Vehicles and Equipment											
Rent										\$ -	
Maintenance										\$ -	
Depreciation										\$ -	
Insurance										\$ -	
Tools										\$ -	
Telephone										\$ -	
Travel										\$ -	
General & admin costs that directly benefit or are incurred by reason of the t/p's resale or production activities											see msc
Any other cost incurred for the benefit of or in the performance of the t/p's resale or production activities										\$ -	
Total Costs - Service Departments										\$ -	



<u>b. Body Shop Costs</u>											
See above expense items										\$ -	
Total Costs - Body Shop										\$ -	
<u>c. Other Costs - Sub-contatctors, etc.</u>											
See above expense items										\$ -	
Total Costs - Other Costs										\$ -	
Total Processing and Assembling Costs										\$ -	
<u>2. Transportation Costs</u>											
<u>a. Identify installation costs to dealer-owned new and used cars</u>											
From the vendor to the taxpayer											
From one taxpayer storage facility to another storage facility											
From the taxpayer's storage facility to the taxpayer's retail facility											
From the taxpayer retail facility to the taxpayer's storage facility											
From one taxpayer retail facility to another taxpayer retail facility											
Total Costs - Transportation Costs										\$ -	
Total Handling Costs										\$ -	
<u>3. Calculate capitalizable handling costs:</u>											
Total Handling Costs, above										\$ -	
Off-Site Storage Percentage for Dual-Function Storage Facility - Step 1										#DIV/0!	From step 1
Total Capitalizable Handling Costs										#DIV/0!	To step 9

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263A Computation									
<b>Step 6:</b>									
<b>Identify Purchasing Costs - Dealer Owned Vehicles and Parts:</b>									
1. The selection of merchandise									
Salaries								\$	-
	Total Costs of Selection of Merchandise							\$	-
2. The maintenance of stock assortment and volume									
Salaries								\$	-
	Total Costs of Maintenance of Stock							\$	-
3. The placement of purchase orders									
Salaries								\$	-
	Total Costs of Purchase Orders							\$	-
4. The establishment and maintenance of vendor contracts									
Franchise Fee								\$	-
	Total Costs Establishment and Maintenance of Vendor Contracts							\$	-
5. Comparison and testing of merchandise									
Salaries								\$	-
	Total of Comparison and Testing of Merchandise							\$	-
		Total Purchasing Costs						\$	-
									to step 10
Total Purchasing Costs					\$	-			
Less: Franchise Fees					\$	-			
	Total Purchasing Labor				\$	-	to step 7		

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263A Computation									
<b>Step 7:</b>									
<u>Determine Total Mixed Service Costs</u>									
1. Identify mixed service costs departments/functions and their costs:									
a. Personnel									
						\$	-		
Total Personnel Costs								\$	-
b. Accounting - Except Purchasing Costs									
						\$	-		
Total Accounting Costs								\$	-
c. Processing									
						\$	-		
Total Processing Costs								\$	-
d. Security									
						\$	-		
Total Security Costs								\$	-
e. Legal									
						\$	-		
Total Legal Costs								\$	-
f. Other Similar Departments									
Administrative									
						\$	-		
Total Other Similar Departments								\$	-
Total Mixed Service Costs								\$	-
2. Calculate capitalizable portion of mixed service costs									
a. Identify labor									
From	263A Labor:								
Step 4	Production Labor							\$	-
step 2	Capitalizable Dual- Function Storage Labor							\$	-
step 5	Capitalizable Dual-function Handling Labor							\$	-

step 6	Purchasing Labor						\$ -		
		Total 263A Labor					\$ -		
	Total Labor								
	Compensation of Officers - Page 1						\$ -		
	Salaries and Wages - Page 1						\$ -		
	Less: Mixed Service Cost Labor						\$ -		
	Total Labor						\$ -		
b. Calculate simplified service cost ratio - labor based									
	263A Labor						\$ -		
	Total Labor						\$ -		
					ratio		#DIV/0!		
c. Calculate capitalizable portion of mixed service costs									
	Total mixed service costs						\$ -		
	Simplified Service Cost Ratio, above						#DIV/0!		
	Capitalizable portion of the MSC						#DIV/0!	to step 8	

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Form 1120S										
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263A Computation										
<b>Step 8:</b>										
Apportion Mixed Service Costs between Purchasing and Storage and Handling:										
1. Calculate amount of mixed service costs to be included in the numerator of the purchasing absorption ratio										
	<u>Purchase Costs</u>					*	Capitalizable Mixed Service Costs			
	Purchasing Costs + Storage and Handling Costs									
	Purchase Costs - Step 6						\$	-		
	Purchase Costs - Step 6, Total					0	#DIV/0!			
	Storage Costs - Step 2, Limited					#DIV/0!				
	Handling Costs - Step 5, Limited					#DIV/0!				
						ratio	#DIV/0!			
	Capitalizable Mixed Service Costs - Step 7						#DIV/0!			
	MSC included in Purchasing Absorption Ratio - Numerator						#DIV/0!	to step 10		
2. Calculate amount of mixed service costs to be included in the numerator of the storage and handling absorption ratio										
	<u>Storage and handling Costs</u>					*	Capitalizable Mixed Service Costs			
	Purchasing Costs + Storage and Handling Costs									
	Apportioned Storage Costs - Step2					#DIV/0!	from step 2			
	Apportioned Handling Costs - Step 5					#DIV/0!	from step 5			
	Total Apportioned S&H Costs						#DIV/0!			
	Purchase and S&H Costs, above						#DIV/0!			
						ratio	#DIV/0!			
	Capitalizable Mixed Service Costs - Step 7						#DIV/0! from step 7			
	MSC included in S&H Absorption Ratio - Numerator						#DIV/0!	to step 9		

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Form 1120S									
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263A Computation									
<b>Step 9:</b>									
Calculate Storage & Handling Ratio:									
1. Calculate numerator of storage & handling ratio:									
									<u>From</u>
	Capitalizable off-site storage costs							\$ -	Step 3
	Capitalizable portion of mixed service costs - S&H							#DIV/0!	Step 8
	Capitalizable portion of dual function facility - Off-site Storage							#DIV/0!	Step 2
	Capitalizable portion of dual function facility - Handling Costs							#DIV/0!	Step 5
	Total Capitalizable Storage & Handling Costs							#DIV/0!	
2. Calculate Storage and Handling ratio:									
	<u>Total Capitalizable Storage &amp; Handling Costs</u>						Storage & Handling		
	Beginning Inventory + Purchases					=	Cost Ratio		
	Total Capitalizable Storage & Handling Costs							#DIV/0!	
	Beginning Inventory						\$ -	\$ -	
	Purchases						\$ -		
	Storage & Handling Cost Ratio							#DIV/0!	to step 11

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Form 1120S									
200612									
263A Computation									
<b>Step 10:</b>									
Calculate Purchasing Ratio									
1. Calculate numerator of purchasing ratio:									
									<u>from</u>
	Production Costs - Step 4							\$ -	step 4
	Purchasing Costs							\$ -	step 6
	Capitalizable portion of MSC - Purchasing							#DIV/0!	step 8(1)
	Total Capitalizable Purchasing Costs							#DIV/0!	
2. Calculate Purchasing Costs ratio:									
	<u>Total Capitalizable Purchasing Costs</u>					Purchasing			
	Purchases				=	Ratio			
	Total Capitalizable Purchasing Costs							#DIV/0!	
	Purchases-1120S-Schedule A							0	
									to
					Purchasing Ratio			#DIV/0!	step 11

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Form 1120S									
200612									
263A Computation									
<b><u>Step 11:</u></b>									
Calculate combined Simplified Resale Absorption Ratio									
							From		
	Purchasing Ratio					#DIV/0!	step 10		
	S & H Ratio					#DIV/0!	step 9		
		Combined Resale Aborption Ratio				#DIV/0!	to step 12		



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263A Computation												
<b>Step 12:</b>												
Apply combined ratio to current year IRC Section 471 costs:												
	Total Current Year IRC Section 471 costs in ending inventory							\$	-	From Sch L		
	Combined resale absorption ratio							#DIV/0!	From step 11			
	Capitalizable additional IRC Section 263A costs							#DIV/0!				